

The original documents are located in Box 7, folder “Economic Opportunity, Office of” of the Loen and Leppert Files at the Gerald R. Ford Presidential Library.

Copyright Notice

The copyright law of the United States (Title 17, United States Code) governs the making of photocopies or other reproductions of copyrighted material. Gerald Ford donated to the United States of America his copyrights in all of his unpublished writings in National Archives collections. Works prepared by U.S. Government employees as part of their official duties are in the public domain. The copyrights to materials written by other individuals or organizations are presumed to remain with them. If you think any of the information displayed in the PDF is subject to a valid copyright claim, please contact the Gerald R. Ford Presidential Library.

EXECUTIVE OFFICE OF THE PRESIDENT
WASHINGTON, D.C. 20506

OFFICE OF ECONOMIC
OPPORTUNITY

February 6, 1973

Honorable Augustus F. Hawkins
Chairman
Subcommittee on Equal Opportunities
Committee on Education and Labor
2181 Rayburn House Office Building
Washington, D.C. 20515

Dear Mr. Chairman:

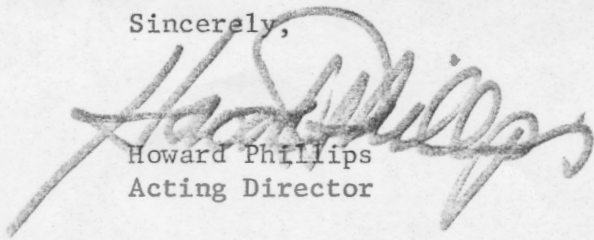
This is to acknowledge receipt of your invitation, dated February 1, requesting me to appear at hearings before your committee tomorrow.

February 1 was my first full day as Acting Director of the Office of Economic Opportunity and, since that time, we have been moving as quickly as possible to deal with the pressing decisions that face us concerning grantee fundings, agency policies, personnel actions, and the like.

As I hope you will understand, I have not yet been able to complete all of the details incident to assuming responsibility for the Agency. For that reason I will be unable to appear before your subcommittee tomorrow and solicit your indulgence in deferring such an appearance at this time.

Withthanks for your consideration, I am

Sincerely,


Howard Phillips
Acting Director



MAJORITY MEMBERS:

CARL D. PERKINS, KY., CHAIRMAN
FRANK THOMPSON, JR., N.J.
JOHN H. DENT, PA.
DOMINICK V. DANIELS, N.J.
JOHN BRASHEAR, IND.
JAMES G. O'HARA, MICH.
AUGUSTUS F. HAWKINS, CALIF.
WILLIAM D. FORD, MICH.
PATSY T. MINK, HAWAII
LLOYD MEEDS, WASH.
PHILLIP BURTON, CALIF.
JOSEPH M. GAYDOS, PA.
WILLIAM (BILL) CLAY, MO.
SHIRLEY CHISHOLM, N.Y.
MARIO BIAGGI, N.Y.
ELLA T. GRASSO, CONN.
ROMANO L. MAZZOLI, KY.
HERMAN BADILLO, N.Y.
IKE ANDREWS, N.C.
WILLIAM LEHMAN, FLA.
JAIME BENITEZ, P.R.

CONGRESS OF THE UNITED STATES
HOUSE OF REPRESENTATIVES
COMMITTEE ON EDUCATION AND LABOR

2181 RAYBURN HOUSE OFFICE BUILDING

WASHINGTON, D.C. 20515

February 13, 1973

ALBERT H. GUIE, MINN.
JOHN M. ASHBROOK, OHIO
ALPHONZO BELL, CALIF.
JOHN N. ERLÉNBERG, ILL.
JOHN DELLENBACK, OREG.
MARVIN L. ESCH, MICH.
EDWIN D. ESHLEMAN, PA.
WILLIAM A. STEIGER, WIS.
EARL F. LANDGREBE, IND.
ORVAL HANSEN, IDAHO
EDWIN B. FORSYTHE, N.J.
JACK F. KEMP, N.Y.
PETER A. PEYSER, N.Y.
DAVID G. TOWELL, NEV.
RONALD A. SARASIN, CONN.
ROBERT J. HUBER, MICH.

TELEPHONES:
MAJORITY—223-5227
MINORITY—223-5725

*Max Friedlander
From John Schute*

Mr. Howard Phillips
Acting Director
Office of Economic Opportunity
Washington, D. C.

Dear Mr. Phillips:

On February 7 and 8, my Subcommittee on Equal Opportunities held hearings on the present status of the Office of Economic Opportunity and its programs and the proposed elimination of OEO. Although you were not present as requested, several others, either directly or indirectly involved with OEO programs, did appear.

The testimony of the various witnesses served to spotlight and spell out the grave and serious social and legal ramifications of both your expressed intentions and recent actions to eliminate the Office of Economic Opportunity; thereby forcing the many component agencies to discontinue their services.

Certainly, in the eyes of many, there are compelling enough social reasons to warrant an end to your present actions. However, based on your recently expressed positions, it is understandable that you would be guided more on the basis of legal facts rather than the social impact. There are several legal questions raised by the actions of your agency, the nature of which should dictate an immediate halt and rescinding of your recent directives. While several legal questions are raised by your recent actions, I would like to direct your attention in particular to the chapter in the U.S. Codes entitled, "Executive Reorganization".

Title V, Section 903(a)(b) of this chapter calls for the President to submit to Congress a reorganization plan specifying the reorganization he finds necessary. Congress then has 60 days in which to review the plan and either disapprove it or allow it to stand as submitted.



Mr. Howard Phillips

Page 2

February 13, 1973

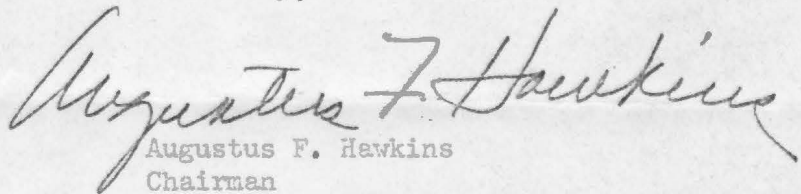
To date, through directives, memos, and other actions directed to local community action agencies, your office has in fact begun a systematic elimination of the Office of Economic Opportunity and its component programs. These actions are being instituted without regard to the legal requirements previously mentioned, since, as of this date, the Congress has yet to receive or act on a reorganization plan reflecting your present actions.

Therefore, I am urging you to rescind and discontinue these actions which have the practical and real effect of eliminating the Office of Economic Opportunity until such time that a formal reorganization plan is submitted to Congress as required by law and Congress has had an opportunity to respond.

The Subcommittee on Equal Opportunities is also requesting that you appear before it at a hearing on Tuesday, February 27th at 10 a.m., room 2175 of the Rayburn Building in order that you might inform the Subcommittee of the plans and directions the Office of Economic Opportunity is contemplating under your direction.

Your prompt acknowledgment and response will be greatly appreciated.

Sincerely,



Augustus F. Hawkins

Chairman

Subcommittee on Equal Opportunities



OFFICE OF ECONOMIC OPPORTUNITY

EXECUTIVE OFFICE OF THE PRESIDENT
WASHINGTON, D.C. 20506

February 16, 1973

The Honorable Augustus F. Hawkins
Committee on Education and Labor
2181 Rayburn Office Building
Washington, D.C. 20515

Dear Mr. Chairman:

Responding to your letter of February 13, I would be pleased to appear before your Subcommittee on Equal Opportunities at 10:00 a.m. on Tuesday, February 27, in room 2175 of the Rayburn Office Building.

Accompanying me will be Messers. Richard Redenius, Robert Trachtenberg, and certain other members of my staff.

With best wishes,

Sincerely,

Howard Phillips
Acting Director

cc: Max Friedersdorf



MAJORITY MEMBERS:

CARL D. PERKINS, KY., CHAIRMAN
FRANK THOMPSON, JR., N.J.
JOHN H. DENT, PA.
DOMINICK V. DANIELS, N.J.
JOHN BRADENAS, IND.
JAMES G. O'HARA, MICH.
AUGUSTUS F. HAWKINS, CALIF.
WILLIAM D. FORD, MICH.
PATSY T. MINK, HAWAII
LLOYD MEEDS, WASH.
PHILLIP BURTON, CALIF.
JOSEPH M. GAYDOS, PA.
WILLIAM (BILL) CLAY, MO.
SHIRLEY CHISHOLM, N.Y.
MARIO BIAGGI, N.Y.
ELLA T. GRASSO, CONN.
ROMANO L. MAZZOLI, KY.
HERMAN BADILLO, N.Y.
IKE ANDREWS, N.C.
WILLIAM LEHMAN, FLA.
JAIME BENITEZ, P.R.

copy made

CONGRESS OF THE UNITED STATES
HOUSE OF REPRESENTATIVES
COMMITTEE ON EDUCATION AND LABOR

2181 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, D.C. 20515

MINORITY MEMBERS:

ALBERT H. GUIS, MINN.
JOHN M. ASHROOK, OHIO
ALPHONZO BELL, CALIF.
JOHN N. ERLENSORN, ILL.
JOHN DELLENBACK, OREG.
EDWIN D. ESHLEMAN, PA.
MARVIN L. ESCH, MICH.
WILLIAM A. STEIGER, WIS.
EARL F. LANDGREBE, IND.
ORVAL HANSEN, IDAHO
EDWIN B. FORSYTHE, N.J.
JACK P. KEMP, N.Y.
PETER A. PEYSER, N.Y.
DAVID G. TOWELL, NEV.
RONALD A. SARASIN, CONN.
ROBERT J. HUBER, MICH.

TELEPHONES:
MAJORITY—225-4527
MINORITY—225-3728

February 13, 1973

Mr. Howard Phillips
Acting Director
Office of Economic Opportunity
Washington, D. C.

Dear Mr. Phillips:

On February 7 and 8, my Subcommittee on Equal Opportunities held hearings on the present status of the Office of Economic Opportunity and its programs and the proposed elimination of OEO. Although you were not present as requested, several others, either directly or indirectly involved with OEO programs, did appear.

The testimony of the various witnesses served to spotlight and spell out the grave and serious social and legal ramifications of both your expressed intentions and recent actions to eliminate the Office of Economic Opportunity; thereby forcing the many component agencies to discontinue their services.

Certainly, in the eyes of many, there are compelling enough social reasons to warrant an end to your present actions. However, based on your recently expressed positions, it is understandable that you would be guided more on the basis of legal facts rather than the social impact. There are several legal questions raised by the actions of your agency, the nature of which should dictate an immediate halt and rescinding of your recent directives. While several legal questions are raised by your recent actions, I would like to direct your attention in particular to the chapter in the U.S. Codes entitled, "Executive Reorganization".

Title V, Section 903(a)(b) of this chapter calls for the President to submit to Congress a reorganization plan specifying the reorganization he finds necessary. Congress then has 60 days in which to review the plan and either disapprove it or allow it to stand as submitted.



Mr. Howard Phillips

Page 2

February 13, 1973

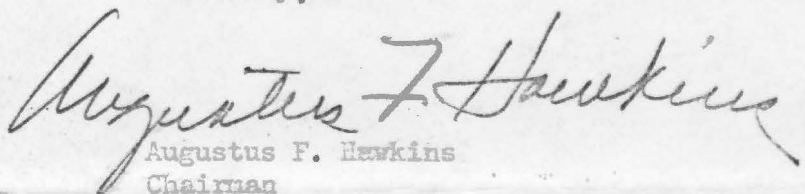
To date, through directives, memos, and other actions directed to local community action agencies, your office has in fact begun a systematic elimination of the Office of Economic Opportunity and its component programs. These actions are being instituted without regard to the legal requirements previously mentioned, since, as of this date, the Congress has yet to receive or act on a reorganization plan reflecting your present actions.

Therefore, I am urging you to rescind and discontinue these actions which have the practical and real effect of eliminating the Office of Economic Opportunity until such time that a formal reorganization plan is submitted to Congress as required by law and Congress has had an opportunity to respond.

The Subcommittee on Equal Opportunities is also requesting that you appear before it at a hearing on Tuesday, February, 27th at 10 a.m., room 2175 of the Rayburn Building in order that you might inform the Subcommittee of the plans and directions the Office of Economic Opportunity is contemplating under your direction.

Your prompt acknowledgment and response will be greatly appreciated.

Sincerely,



Augustus F. Hawkins

Chairman

Subcommittee on Equal Opportunities



OFFICE OF ECONOMIC
OPPORTUNITY

EXECUTIVE OFFICE OF THE PRESIDENT
WASHINGTON, D.C. 20506

February 20

Mr. John Stark
Executive Director
Joint Economic Committee
G-133 Senate Office Building
Washington, D.C. 20510

Dear Mr. Stark:

Thank you for your letter of February 19, which I received a copy of today. I appreciate the opportunity to appear before the Joint Economic Committee and genuinely regret that I will be unable to do so on the dates you mentioned.

This declination is made necessary by the fact that I will be appearing before the House Subcommittee on Equal Opportunities on February 27, and the Senate Committee on Nutrition and Human Needs on March 2, just three days later. In addition, with the end of the month in sight, we are working on those actions which must be taken before the initial freeze on long term grant actions by OEO can be lifted.

For these reasons, I must defer my appearance until a later date.

John Schrote, my Principal Assistant for Liaison Activities will work with you in arranging that date.

Sincerely,

Howard Phillips
Acting Director



MARTHA W. SHIFFRINS, MICH.
WILLIAM S. MOORHEAD, PA.
RUSH L. CAREY, N.Y.
WILLIAM B. WIDNALL, N.J.
BARBER B. CONABLE, JR., N.Y.
CLARENCE J. BROWN, OHIO
BEN B. BLACKBURN, GA.

Congress of the United States

JOINT ECONOMIC COMMITTEE

(CREATED PURSUANT TO SEC. 5(a) OF PUBLIC LAW 394, 75TH CONGRESS)

WASHINGTON, D.C. 20510

February 19, 1973

HUBERT H. HUMPHREY, MINN.
LLOYD M. BENTSEN, JR., TEX.
JACOB K. JAVITS, N.Y.
CHARLES H. PERCY, ILL.
JAMES B. PEARSON, KANS.
RICHARD S. SCHWEIKER, PA.

JOHN R. STARK,
EXECUTIVE DIRECTOR

Mr. Howard Phillips
Acting Director
Office of Economic Opportunity
1200 - 19th Street, N.W.
Washington, D.C. 20506

Dear Mr. Phillips:

This is with reference to the invitation extended to you by the Joint Economic Committee staff on behalf of Chairman Patman to appear before the Committee in connection with its annual hearings on the President's economic program.

The Committee is interested in hearing from you regarding the question of social and economic priorities as revealed in the President's Budget and Economic Messages. More particularly, we are interested in your analysis of how the Government should handle the treatment of poverty in this country and the role that an organization such as the Office of Economic Opportunity should play in the process.

You are, I am told, unable to testify before our committee on February 27. If so, we can arrange to hear from you preferably on February 28, or if that is not possible, on February 26. Would you contact the staff in this respect at your earliest opportunity.

The hearing will begin at 10:00 a.m. I hope that you will be able to confine your opening oral testimony to ten minutes so that the Members will have sufficient opportunity to ask questions. Any more detailed statement will of course be considered as part of the full record.

The staff will inform you as to the place of the hearing as soon as the date is arranged. Any questions you may have should be addressed to me or Courtenay Slater, the staff economist in charge of these particular hearings. To aid the Members of the Committee, the staff and the working press we would appreciate receiving 100 copies of your statement two working days preceding your appearance.

Sincerely,

John R. Stark
Executive Director



OFFICE OF ECONOMIC
OPPORTUNITY

March 14, 1973

MEMORANDUM FOR: MAX FRIEDERSDORF
FROM: JOHN SCHROTE *JS*
SUBJECT: ATTACHED MEMORANDUM FROM HOWARD PHILLIPS
REVENUE SHARING

Please see attached memorandum suggesting analysis of Revenue Sharing. We are constantly bombarded with the question by Congressmen and Senators.

The answers would assist us when talking with Members who are defensive of programs in their Districts, but, more important, the answers will undoubtedly be required when you begin your efforts in securing passage of the President's plan.

Just being presumptuous in our forewarning.

John E. Schrote
Principal Assistant to
the Acting Director for
Liaison Activities

Enclosure



OFFICE OF ECONOMIC
OPPORTUNITY

EXECUTIVE OFFICE OF THE PRESIDENT
WASHINGTON, D.C. 20506

March 4, 1973

*copy to W.P.
for suggestion
3/9*

MEMORANDUM FOR JOHN SCHROTE

FROM: HOWARD PHILLIPS *HP*

SUBJECT: Attached Insert

The White House should begin preparing analyses on the amount of money going into each Congressional District through Revenue Sharing, General and Special, in lieu of non-funded categorical programs.

Attachment

*Make copy for me ✓
please attached*



as a fuel. It is estimated that at the present rate, transportation fuel demands will deplete the entire proven Alaska oil reserves in 7 years. Reducing the auto's use in urban areas by only one-fourth, the Highway Coalition estimates, would save 1 billion barrels of petroleum per day, equivalent to the full operating capacity of the trans-Alaska pipeline.

Other resources inexhaustible. Automobiles use 21% of the steel, 61% of the aluminum and 10% of the aluminum produced in this country each year. Much of this material ends up abandoned on city streets or in junkyards.

In recent years we have become painfully aware of the results of unplanned growth in our cities. We face a national transportation scandal, much of it attributable to the car and its concrete pathways. In many areas up to 60% of the land is being devoted to the movement and storage of the automobile. The New Jersey Planning Department predicted that by 2000, transportation will consume 1/3 of the entire land area of the State.

We continue to allow highway construction to displace housing units at a time when there is a national housing shortage and a reduction of federal assistance for the construction of new housing. In the three years between 1967 and 1970, highways were responsible for the destruction of 147,000 residences, 17,000 businesses, and 5,000 farms. Buses and trains allow more efficient use of space and offer an aesthetically pleasing alternative to the expressway. One bus can move at least as many people as an expressway lane beside it. A double-track rail transit line can carry as many commuters per hour as 20 lanes of freeway existing average rates of passengers-per-mile.

Common Cause joins with the Highway Coalition and other groups urging preservation of the basic citizen's protective legislation affecting highway and mass transit programs. Section 4(f) of the Department of Transportation Act of 1966 and Section 102 of the National Environmental Policy Act of 1969. We also endorse the proposal sponsored by Senator Muskie to require States to inspect motor vehicle emission control devices, and to pay for the costs of the inspection program from the Highway Trust Fund.

We have not treated specific estimates of the costs of highway congestion or traffic accidents, or the comparative costs of automobile transit systems under varying circumstances, but this Subcommittee has heard other testimony on these important considerations.

CONCLUSION

A recent survey by National Opinion Research Corp. indicated 57% of the American people thought we should limit automobile traffic in downtown areas; 66% of those who live in cities of a million or more thought it a good idea. The latest Conference of Governors overwhelmingly favored mass transit alternatives to highway building in cities. Governor Sargent of Massachusetts has recently imposed a ban on more roadways in Boston, and is spending money instead on an improved public transportation system.

It is clear that changes have occurred in the nation's thinking about highways since the Interstate Highway System and the Highway Trust Fund were conceived, almost twenty years ago. At that time the gap between perceived highway needs and existing programs was clear—a twenty year planning network made sense. And as far as intercity connections go, the Interstate Systems were well designed.

But the view from 1973 is distinctly different. A basic system is already substantially in place. Additions to it, new highways, must be weighed on their merits and on a

link-by-link basis. Other modal alternatives must be considered. Funding for those alternatives must be flexible and unbiased, or we risk wasting vast sums of precious national resources.

The concept of a single-mode trust fund—whether for highways, airways or rail transit—is hopelessly outmoded. Transportation opportunities should be viewed regionally and by function—that is, by final purpose of the movement rather than by what kind of equipment gets the object from one place to another. Certainly the existing Highway Trust Fund should be broadened, Common Cause believes, and any new transportation funds should be based on broad functions (such as urban passenger transport) rather than modes (such as rail transit). Broadening of the Highway Trust Fund is a necessary step from the point of view of overall national priorities, and a proper way to provide the substantially larger sums for urban mass transit which we believe to be in the best interest of the general public.

IMPACT OF PRESIDENT NIXON'S BUDGET ON SIXTH MASSACHUSETTS CONGRESSIONAL DISTRICT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Massachusetts (Mr. HARRINGTON) is recognized for 5 minutes.

Mr. HARRINGTON. Mr. Speaker, last Friday, I held hearings in my district, the Sixth District of Massachusetts, on the local impact of the Nixon budget. I wanted the opportunity to explain to my constituents the effects the budget will have on their lives and I wanted to be better informed myself about this effect. From both points of view, the hearings were a marked success.

The hearings, in fact, were so successful that I will use the technique developed to produce the information for the hearings in my own district to examine the impact of the budget elsewhere in Massachusetts.

I would like at this time to insert in the RECORD for the information of my colleagues the information I released to the hearings.

The statement follows:

HARRINGTON CHAIRS FIRST BUDGET HEARING

The first in a series of Congressional hearings on the Nixon budget proposals got underway this morning at Lynn City Hall. The hearing was chaired by Congressman Michael J. Harrington (D-Mass.).

Harrington said the hearings are being held "to educate the public about the local impact of the Budget, to determine which programs are in fact working, and to help myself and other members of Congress better plan responsible alternatives."

Twelve persons representing all aspects of programs affected by the cutbacks were scheduled to testify on the Budget's cost to the Sixth District and Massachusetts.

While acknowledging that there was room for improvement among existing programs, Congressman Harrington charged that the "Budget does not offer constructive change, but is a thoughtless document reflecting no careful analysis of the effectiveness of domestic programs but eliminates workable and worthwhile programs."

Harrington said that future hearings would be held in other parts of Massachusetts and New England to determine the full impact of the Budget cutbacks.

The following persons are scheduled to testify before Congressman Harrington's hearing in Lynn on the subjects indicated.

Bill Carney from the Peabody Council on Aging will talk about the effects of Medicare regulation changes on social security recipients.

Dr. Robert Paul, Jr., Superintendent of Schools of Amesbury, will discuss a variety of federal assistance programs for public schools.

Dr. Anthony Patton a thoracic surgeon will testify on all areas of health care.

Dr. Donald Beattie, the Acting President of North Shore Community College, will discuss the overall effect of the Budget on higher education.

Mary Clare Ciulla, a student at Northern Essex Community College, is from Haverhill and will tell the hearing about work-study and direct student loans.

Dr. Frank Keegan will discuss a specific instance of a terminated program at Salem State College, where he is the President.

Rev. James Gambrell from St. Stephens Church in Lynn will discuss the effects of the Budget on elderly housing.

Lynn Model Cities Executive Director Phil Mamber will explain the services now rendered by Model Cities and who is affected by them.

Bob French, the Mayor of Gloucester, will discuss cutbacks in the Emergency Employment Act and other federal programs as affects the City of Gloucester.

Ipswich Town Manager Dick Conti will discuss the overall impact of the proposed cutbacks on municipalities in general, and upon the town of Ipswich in particular.

Denton Crews, Director of the Gloucester Community Action Program, will discuss the Budget impact on citizens now being served by Community Action Programs.

Al Marrs, Director of the Southern Consortium of the Emergency Employment Program, will explain the overall impact of the EEA on the Sixth District and how it will be affected by the new Budget.

ELDERLY

Programs that have been terminated concerning the elderly are many of the housing programs such as rent subsidies, nonprofit sponsor housing which allowed nonprofit organizations to build housing for low-income groups including the elderly, various social services provided by community action agencies and Model Cities agencies. One of the most severe costs that will affect the elderly is the change in the deductible under medicare.

MEDICARE

The amount the elderly will have to pay to supplement medicare hospital and physician payments will rise appreciably.

HOSPITAL CARE

At present, for the first 60 days, \$72 deductible.

Nixon plan, full cost of 1st hospital day (North Shore average \$90).

At present, 61st to 90th hospital day, \$18 per day deductible.

Nixon plan, 10% of full cost of each hospital day after the 1st (average \$15 per day at least). A two-week hospitalization would cost an elderly person a minimum of \$300.

PHYSICIANS' COST

At present, physicians average \$600; Nixon plan, \$800.

Medicare patient pays, \$168; Nixon plan, \$214.

In the Sixth Congressional District there are approximately 45,000 people on medicare.

For those on medicare, all dental care has been eliminated.

EDUCATION—ELEMENTARY AND SECONDARY SCHOOLS

Funds for Elementary and Secondary Education are granted to every town and city in the 6th Congressional District. (See following sheets)

The largest program is Title I under the

Elementary and Secondary Act, aid to educationally deprived children. Funds under this program in fiscal year 1973 totalled \$1,854,086.

Money for library resources, aid to innovative education, research, aid to state departments of education; aid for handicapped children, and for programs for drop out prevention have all been cut to zero in the President's budget.

This year more than 6000 children in the 6th District were aided by Title I funds.

This year \$964,000 came into the 6th District for vocational education. This program is terminated in the Nixon budget—\$169,000 came into the District to buy audio visual equipment for local schools, under Title III of the National Defense Education Act. This program is terminated in the Nixon budget.

Local school boards have received funds under the Special Milk Program.

School systems had planned on receiving close to \$160,000 in fiscal 1974.

Now this program has been cut by 75% in the Nixon budget.

More than \$900,000 has been received by local school districts under the program for school assistance in federally affected areas. This would be terminated in the Nixon budget.

The following represent a projection of the proposed cuts in FY 74 budget in some areas of education.

PROJECTION OF PROPOSED CUTS

City or town	Special milk program	Federal assistance in impacted areas	ESEA (all titles)
Amesbury	\$3,873	\$38,000	\$21,696
Beverly	(1)	63,000	277,129
Boxford	999	5,211	4,320
Danvers	15,249	\$37,204	144,005
Essex	(1)	5,000	961
Georgetown	(1)	25,687	13,103
Gloucester	5,707	16,915	142,008
Groveland	(1)	3,300	1,194
Hamilton	2,442	3,000	6,720
Haverhill	(1)	77,000	371,520
Ipswich	(1)	6,658	19,675
Lynn	28,773	200,000	\$805,440
Manchester	(1)	17,403	9,846
Marblehead	4,070	53,000	270,720
Merrimac	(1)	2,500	13,286
Middleton	741	6,000	9,600
Nahant	(1)	14,316	2,393
Newbury	(1)	3,100	5,376
Newburyport	5,920	\$28,462	127,676
North Andover	7,664	53,430	27,798
Peabody	13,320	96,000	106,560
Rockport	740	(1)	(1)
Rowley	247	1,239	4,370
Salem	8,669	77,000	304,329
Salisbury	8,880	9,092	26,371
Swampscott	77,104	43,771	43,771
Topsfield	1,436	\$24,420	\$7,532
Wenham	1,038	4,000	6,576
West Newbury	222	5,472	2,300
Hamilton-Wenham Region	1,216	65,251	(1)
Pentucket School System	(1)	2,112	27,000
Masconomet School System	1,343	(1)	20,000
Triton School System	(1)	1,200	13,000

¹ Not available.
² Figures based on fiscal year 1972.

Title I—ESEA (Grant, no. of children served, employees).
Sixth Congressional District.
Total \$1,854,086.
No. of children served—5914.
Full-time employees—961.
Part-time employees—179.

City or town and amount of grant

Amesbury	\$27,179
Beverly	139,486
Boxford	4,061
Danvers	39,519
Essex and Manchester	\$4,530
Georgetown	11,246
Gloucester	146,871
Groveland	12,808
Hamilton	5,779
Haverhill	253,980

Ipswich	\$9,684
Lynn	706,957
Manchester and Essex	\$4,686
Marblehead	24,836
Merrimac	12,340
Middleton	10,465
Nahant	10,778
Newbury	5,311
Newburyport	71,852
No. Andover	22,180
Peabody	67,322
Rockport	7,810
Rowley	3,593
Salem	179,473
Salisbury	24,836
Swampscott	24,367
Topsfield	7,029
Wenham	9,216
West Newbury	6,092

* Denotes approximate figure.

NEWS RELEASE

HEALTH CARE

Regional Medical Program: Funds for the Regional Medical program have been impounded and the 1974 Budget terminates the program. The North Shore Regional Health Planning Council will continue to be funded for their review and planning activities. The R.M.P. has been most helpful to the North Shore Regional Health Planning Council by providing consulting staff for special projects.

For example: The Regional Medical program has completed a study of the pediatric and maternity needs and facilities on the North Shore for the N.S. Regional Health Planning Council. The next step would be interpretation of data to the North Shore Hospitals and planning for consolidation of services to avoid the duplication that now exists. The regional medical program was supplying the staff for this project and that staff has already been terminated. As of now the Pediatric and Maternity study is ended.

The Regional Medical Program has recently approved a proposal by Lynn Model Cities to provide primary medical care in the Lynn Model Cities area. At present there is one (1) 73 year old physician serving the Model Cities area as a family physician. He is unable to admit patients to either Lynn or Union Hospitals. The Model Cities proposal would establish a physician in the Model Cities area to provide primary care, along with nurse practitioners and ancillary medical personnel. R.M.P. had approved funds of \$24,000 from its budget.

Because of R.M.P. termination, there is no hope for this proposal and there cannot be adequate primary care for 15,000 in the Lynn Model Cities area.

MENTAL HEALTH

There will be no new program money for the community mental health. The Union Hospital in Lynn has had a 1.5 million dollar staffing grant approved by the State and by the National Institute of Mental Health. Because N.I.M.H. funds have been impounded, the grant has not yet been funded and because of 1973 budget cuts in the N.I.M.H. it will not be funded.

This means that Lynn residents must continue to use Danvers State Hospital as a mental health treatment facility rather than remaining in the community.

The projected Union Hospital Community Mental Health Center would provide all phases of mental health care for Lynn residents without the institutional stigma and effects of a Danvers State Hospital.

Potential job loss to the Lynn area will be 150 jobs in the health care area.

It is unlikely that the State will be able to fund any of the community mental health centers once the federal money is withdrawn. At this time, third party payment is virtually non-existent in any consistent way for mental health services.

It would seem that for now, community mental health is emasculated.

ADVANCED FUNDS FOR MEDICARE

When Medicare was started, the federal government advanced operating funds to the hospitals on the basis of projected Medicare patients. This practice has continued so that the hospitals could operate.

The Nixon administration is discontinuing this practice and demanding return of the funds advanced this year.

This will mean that district hospitals will have to return \$569,000 to the Federal Government by July 1, 1973. Most of the hospitals will have to borrow these funds at a commercial interest rate to survive.

CURRENT FINANCING TO BE RETURNED

- Nationally, \$300 million.
- Massachusetts, \$7,000,000.
- District, \$569,000.
- Lynn Hospital, \$146,000.
- Union Hospital, \$60,000.
- Salem Hospital, \$160,000.
- Beverly Hospital, \$100,000.
- Addison-Gilbert Hospital, \$48,000.
- Hunt Memorial Hospital, \$55,000.

HILL-BURTON

There will be no construction funds for additions or modernization of hospitals or long term care facilities (nursing home).

NURSES TRAINING CAPITATION GRANTS

All capitation grants for nurses' training are cancelled.

AMOUNTS LOST BY SCHOOLS OF NURSING

- Lynn Hospital School of Nursing, \$20,000.
- Salem Hospital School of Nursing, \$27,000.
- North Shore Community College, proposed nursing program, \$75,000.

Lynn and Salem Hospitals will raise tuitions at least \$200 per student.

There are between 400 and 500 student nurses in the Sixth Congressional District who will lose grants because this program has been ended.

HOUSING AND BASIC WATER AND SEWER GRANTS

Low rent public housing and multi-family housing both have a zero dollar figure projected in the 1974 Nixon budget. In fiscal 1973 \$7.7 million was allocated to Massachusetts for these programs. \$2.6 million of that has been impounded.

Housing for the elderly, college housing, non-profit sponsor housing all have no money allocated to them in the Nixon budget. These are being held up pending "evaluation".

Because of the impoundments in fiscal 1973, housing starts are already a year behind, and no new money is authorized in the President's proposed budget.

Housing generates more long-term employment and has a greater multiplier effect than do most other projects. The severity of these cuts on employment will increase.

In fiscal 1973 no cities in Essex County received Basic Water and Sewer Grants. Applications for Danvers and for the Salem/Beverly Water Board had been approved for \$3 million dollars, but these projects remain unfunded due to the President's impoundment.

Cities and towns in Essex County estimate needs that total \$38,155,650.

Lynn, \$16,800,000 (over a four year period).

- Haverhill, \$6,000,000.
- Amesbury, \$1,329,650.
- Groveland, \$3,750,000.
- Ipswich, \$3,500,000.
- Merrimac, \$480,000.
- Nahant, \$3,160,000.
- Swampscott, \$136,000.

Some of these cities and towns are under court orders to abate sewage discharges.

There is not money for new starts in basic water and sewer programs in the Nixon budget.

COMMUNITY ACTION PROGRAMS

Community Action agencies in the 6th Congressional District received \$1,083,000 in

FY 1973 from the Office of Economic Opportunity. The four agencies (Lynn, Gloucester, Haverhill and Beverly) served 15 cities out of towns and mobilized and additional \$2,000,000 in funds—37,000 people have been served by these programs.

Services provided by these agencies include: youth training and employment, child care, housing assistance and development, job training and placement, business development, food distribution, transportation services and other programs.

Cuts in the Nixon budget will seriously affect these programs by destroying the CAP agencies. Most of these programs will be terminated immediately. In Gloucester the CAP agency operates the public transportation system which serves 500 daily riders. Housing assistance and housing programs will be terminated, and consumer protection efforts in Haverhill and Beverly will be terminated.

The Nixon budget allows no funds for the Office of Economic Opportunity and the President has ordered its immediate dismantling.

MANPOWER AND EMERGENCY EMPLOYMENT ACT

These federal programs have placed a wide variety of persons in many different work programs, benefitting both the participants and their communities. 1848 were employed under Manpower in FY 73.

MANPOWER PROGRAMS

The Sixth Congressional District received a total of \$1,430,555 in FY 73. The specific programs include Manpower Development Training Assistance Institutional; Neighborhood Youth Corp In School; Neighborhood Youth Corp Out of School; Neighborhood Youth Corp Summer; and Job Optional. Those served under these programs include youths who are working while attending school as well as those who have dropped out.

In fiscal year 1974 under the Nixon Budget, no funds will be received for any of the above programs.

EMERGENCY EMPLOYMENT ACT

This was a relatively new federal employment program, the purpose of which was to provide jobs to those unable to find them and to allow communities to have workers for particular areas of need—40% of those hired with EEA funds were Vietnam War Veterans; 25% were persons 45 years of age or older; job salaries averaged between \$7000 and \$7500 per annum.

In the life of the program all 29 cities and towns of the Sixth Congressional District participated. \$4,516,653 was spent in FY 73. A total of approximately 700 persons have been employed during the existence of the Emergency Employment Act.

A summer youth program gave 195 youths work for 9 weeks; they would otherwise have been without work.

LIBRARIES

Title I, II, and III of the Library Services and Construction Act have been cut from the FY 74 budget.

Since the inception of the act in 1965, the Sixth Congressional District has received \$363,780. Haverhill received \$200,000 to construct a new library; Lynn, Marblehead, Newburyport, Haverhill, and other communities have used this money to provide library services in housing for the elderly, audio-visual materials for bi-lingual programs, and large print books for elderly persons. The loss of the federal funds will mean a gradual erosion of library services.

Note: Two cities in the Sixth Congressional District had planned for library funding in FY 74:

Gloucester, \$220,000 (construction of wing).
Salem, \$128,000 (addition).

EDUCATION

LOCAL COLLEGES

North Shore Community College, Northern Essex Community College, Salem State, & Merrimack College.

FY 74 budget does not provide for funding for the National Direct Student Loan Program. Approximately 250 students at Northern Essex will be deprived of some \$94,000 during the next FY.

Work-Study is being hurt: A total of 840 students will be adversely affected. Northern Essex alone had 250 students participating.

In FY 73 4,170 students at the four schools above benefitted from federal funds. 1,641 students have scholarships at stake to some extent.

HIGHER EDUCATION/FINANCIAL AID

The Direct Student Loan Program and Educational Opportunity Grant are abolished by the Nixon Budget, and replaced by Basic Opportunity Grants. The result of this is to severely limit the sources for financial aid for those students who are financially in need of it. One reason for this is that the Basic Opportunity Grants are limited to students coming from families with incomes effectively below \$7000.

HEW funded Economic Opportunity Grant: In FY 73 Massachusetts received \$7,713,410. For FY 74 \$15,297,917 was requested, but no monies are expected to be forthcoming.

100 institutions and 9,234 students in Massachusetts will be adversely affected by the fact that the FY 74 Nixon Budget provides for no money for the economic opportunity grants.

WORK-STUDY

For FY 73 Massachusetts received \$8,956,291. For FY 74 \$33,760,769 was requested but only \$5,987,000 is expected.

In the entire federal FY 73 budget funding reached \$269 million.

Anticipated decreases in available funding will adversely affect 117 institutions and 16,409 students in Massachusetts.

HEW funded National Defense Student Loan:

Massachusetts received \$10,948,434 in FY 73 and requested \$31,321,019 for FY 74, but no money is anticipated.

In Massachusetts 113 institutions and 24,882 students will be adversely affected.

OTHER EDUCATIONAL FUNDING

This includes handicapped aid, as well as aid for occupational, vocational and adult education. Special revenue sharing may provide some funding, but at best only at a level of 1/3 of present funding.

For The Handicapped: The state grant program is terminated, and there is no actual federal funding to replace it.

Occupational, Vocational & Adult Education: As with the previous category, the state grant program has been terminated, and there is no actual federal funding to replace it.

WAR POWERS ACT WOULD AFFIRM CONSTITUTION

(Mr. MEEDS asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. MEEDS. Mr. Speaker, the rise of the United States as a world leader and defender has coincided with the rise of the power of the Presidency.

Vietnam, Santo Domingo, Lebanon, Korea. Since World War II the President alone has made decisions as to whether American soldiers should be committed to the field of battle. It was Vietnam, finally, that taught us that the decision

for war or peace is too big for any one President, no matter how great his intellect or insight.

WAR POWERS AND THE CONSTITUTION

I am today introducing legislation designed to require congressional approval of armed intervention. The bill answers our need for a mechanism to apply the Constitution's intent to undeclared conflicts. The Constitution empowered Congress alone to raise armies and navies and to declare war. Writing in the Federalist Papers, Alexander Hamilton explained the views of those who participated in the Constitutional Convention:

The President is to be commander in chief of the Army and Navy of the United States. In this respect his authority would be nominally the same with that of the king of Great Britain, but in substance much inferior to it. It would amount to nothing more than the supreme command and direction of the military and naval forces . . . while that of the British king extends to the declaring of war and to the raising and regulating of fleets and armies—all which, by the Constitution under consideration, would appertain to the legislature.

The ominous specter of nuclear war, and especially nuclear war as the final stage of escalation, make it unlikely that the United States will ever declare war formally again.

Without a formal state of war a nation has more flexibility to deal with other powers. But our Constitution did not intend collective judgment of the executive and legislative branches to be pushed aside by circumstances. A formal declaration of war may be obsolete; the Constitution is not.

THE WAR POWERS ACT

In a recent questionnaire mailed to my constituents in the Second Congressional District of Washington State, I asked if congressional approval should be required for armed intervention. Yes, the vast majority replied. The bill I am introducing today responds to their views and reflects my own thinking as well.

The intent of the bill is to require congressional sanction for any armed intervention longer than 30 days. Specifically, the bill limits the President's authority to introduce troops in the absence of a formal declaration of war. American Armed Forces could be introduced only to repel and forestall attacks against the United States or against U.S. Armed Forces outside of America.

The War Powers Act also specifies that troops could be sent by the President to evacuate American citizens. However, the measure requires the President to make every effort to secure approval of the government of whose nation we were invading, and to make every effort to avoid conflict while evacuating our citizens.

The crux of the War Powers Act states that no appropriations bill nor any treaty contain authority to send troops. This makes NATO, SEATO, and other treaties non-self-enforcing. Congress must approve each action. The measure also forces precise congressional sanction for "area" resolutions such as the 1955 Formosa resolution, the 1957 Middle East resolution, and the now repealed Tonkin Gulf resolution.

MAX Friedson

EXECUTIVE OFFICE OF THE PRESIDENT

RT

OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

BT

DATE: May 11, 1973

REPLY TO
ATTN OF: Hal Eberle *HE*

SUBJECT: OEO Strategy

Bill Timmons

MAY 11 1973

Paul O'Neill informs me that the judge's ruling suspending the OEO phase-out is not too clear.

He has been consulting with people in Justice and they conclude we can continue with the delegations of authority to other agencies that are outlined in the budget, but we will retain a shadow group on the President's staff of a couple of bodies to conform to the ruling.

He plans to include \$30+ million in the GSA Supplemental for the purpose of winding up housekeeping details of OEO phase-out and says he has Congressional expressions of support for this move -- which if approved would be taken back to the judge as evidence of Congressional intent to approve the close down.

He also feels that this vote would support a pull-out of OEO funds from a later over-all Continuing Resolution request we may be taking to the Hill sometime in June.



file OEO

September 4, 1973

MEMORANDUM FOR: JIM CAVANOUGH
THROUGH: WILLIAM TIMMONS
MAX FRIEDERSDORF
FROM: VERN LOEN
SUBJECT: Attached letter from Alvin Arnett, OEO

Bill Timmons suggested that I take up with you the attached letter which was referred to this office.

It would appear to be a matter for the Domestic Council. Perhaps you will wish to ask OEO's General Counsel to draft appropriate legislation to modify or repeal Section 610-1 (b) of the Economic Opportunity Act which contains the requirement for the report in question.

This office will be glad to work with the Senate boys in contacting appropriate sponsors on the Hill, probably Quie and Javits, if you decide repeal of the requirement is merited.

VCL/jlm



THE WHITE HOUSE
WASHINGTON

Date 9-1-73

TO: Vern Loen

FROM: WILLIAM TIMMONS

FOR YOUR INFORMATION _____

FOR YOUR COMMENTS _____

FOR APPROPRIATE HANDLING _____

OTHER *IS* This now
handled? Or do we
need to do more?

THE WHITE HOUSE

WASHINGTON

August 30, 1973

MEMORANDUM FOR: WILLIAM TIMMONS
THROUGH: MAX FRIEDERSDORF *WFL*
FROM: VERN LOEN *VL*
SUBJECT: Attached letter from Alvin Arnett, OEO

Arnett seeks legislative authority to relieve OEO of its annual responsibility to transmit to Congress a "Grantee Staff Salary Report" listing OEO grantee employees whose salary rates exceed \$10,000 during the fiscal year.

Although work on data collection is proceeding, OEO cannot meet the statutory deadline of September 17. A GAO study indicated the \$100,000 cost of the report compared with its limited usage and OEO's organizational changes indicate the report requirements should be suspended by legislation. Soundings with appropriate Congressional Committees agreed with this.

It would appear that this is a Domestic Council problem, and if there is no objection, appropriate draft legislation to modify or repeal Sec. 610-1 (b) of the Economic Opportunity Act should be instituted.

This office will be glad to work with the Senate boys in contacting appropriate sponsors on the Hill, probably Quie and Javits.

VCL/jlm

THE WHITE HOUSE
WASHINGTON

Date: 8-21-73

TO: Ken Town

FROM: Max L. Friedersdorf

Please Handle ✓

For Your Information _____

Other

Charlie Radcliffe 56911
returns next Tues.



THE WHITE HOUSE
WASHINGTON

Date 8/20

TO: Max

FROM: PATRICK O'DONNELL

FOR YOUR INFORMATION _____

FOR YOUR COMMENTS _____

FOR APPROPRIATE HANDLING _____

OTHER

*Is there something we can
do to start the ball rolling
on this?*

THE WHITE HOUSE
WASHINGTON

8/16/73

TO: Mr. Bill Fineman


John V. Ratchford

file oeo.

August 30, 1973

MEMORANDUM FOR: WILLIAM TIMMONS
THROUGH: MAX FRIEDERSDORF
FROM: VERN LOEN
SUBJECT: Attached letter from Alvin Arnett, OEO

Arnett seeks legislative authority to relieve OEO of its annual responsibility to transmit to Congress a "Grantee Staff Salary Report" listing OEO grantee employees whose salary rates exceed \$10,000 during the fiscal year.

Although work on data collection is proceeding, OEO cannot meet the statutory deadline of September 17. A GAO study indicated the \$100,000 cost of the report compared with its limited usage and OEO's organizational changes indicate the report requirements should be suspended by legislation. Soundings with appropriate Congressional Committees agreed with this.

It would appear that this is a Domestic Council problem, and if there is no objections, appropriate draft legislation to modify or repeal Sec. 610-1 (b) of the Economic Opportunity Act should be instituted.

This office will be glad to work with the Senate boys in contacting appropriate sponsors on the Hill, probably Quie and Javits.

VCL/jlm



OFFICE OF ECONOMIC
OPPORTUNITY

AUG 6 1973

EXECUTIVE OFFICE OF THE PRESIDENT
WASHINGTON, D.C. 20506

Mr. John Ratchford
Executive Clerk
The White House
Washington, D.C. 20510

Dear Mr. Ratchford:

Sixty days after the end of each fiscal year we transmit to the Congress via the White House a "Grantee Staff Salary Report," in accordance with Section 610-1 (b) of the Economic Opportunity Act. The report lists OEO grantee employees whose salary rates were \$10,000 or more during the fiscal year.

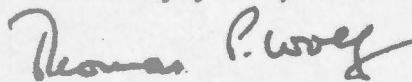
We have now again initiated data collection on this report for FY 73, working against a due date of September 17. This is 60 days after the authorized OEO fiscal year extension to July 19, 1973.

However, we have been informed on July 10 of a current General Accounting Office analysis of this report. Mr. A. Johnson of GAO stated that they had discussed the \$100,000 report cost and its uses with several Congressional committees. Those committees agreed, on the basis of high cost in relation to low use, that the reporting requirement could be lifted. While legislation is required to waive the report, Mr. Johnson felt that appropriate Congressional action will be started the end of August or early in September.

OEO is undergoing, as you doubtless know, major organizational changes and adjustments. We are experiencing sizeable personnel losses. In view of the GAO prediction and a lack of Congressional reaction to some of our earlier tardinesses on this report, we seek assistance.

We request appropriate White House initiative on our behalf, in support of speedy Congressional action on waiver or cancellation of the reporting requirement.

Sincerely yours,



fr Alvin J. Arnett
Director-Designate



THE WHITE HOUSE

WASHINGTON

October 25, 1973

MEMORANDUM FOR:

TOM KOROLOGOS
FRED WEBBER

FROM:

WILLIAM E. TIMMONS *W.E.T.*

SUBJECT:

Legal Services

Rumor has it that Laird cut a deal with Javits to support the Senator's version of Legal Services. Conservatives are upset even though I denied it. I said we would take Administration's bill or House passed version.

Have you picked this rumor up? Can you raise issue at next 7:30 meeting without mentioning Laird?

✓ cc: Max Friedersdorf

January 24, 1974

MEMORANDUM FOR: BILL TIMMONS
THROUGH: MAX FRIEDERSDORF
FROM: VERN LOEN
SUBJECT: OEO Extension

Chairman Gus Hawkins of the Equal Opportunities Subcommittee (Education and Labor) is considering introducing legislation shortly for a two or three year extension of OEO's life after the June 30th expiration date.

He expects to call Al Arnette before his subcommittee as early as February 4 (budget day) to ask his views on the future of community action agencies. Arnett's shop has been alerted.

At present, all that is left in OEO are the CAPs, Industrial Development, and Legal Services. With the Senate standing a good chance to revoke a cloture on the Legal Services bill soon, with Industrial Development being assigned to Commerce Department and with other sources of funds being available at the local level to fund CAPs, it is doubtful if 150 votes to extend the program for CAPs only in OEO could be mustered. Hawkins must know this, but apparently is under some pressure from the Black Caucus and his Watts constituents, as well as Los Angeles Mayor Tom Bradley, to provide some illusion of action to save OEO. Meanwhile, Al Quie hopes to attach an amendment to the ESEA bill to extend the life of the Headstart Program, formerly OEO, and now in the Office of Child Development in HEW.

Arnett will clear his testimony with the White House.

VCL/jlm

CC to: Jim Cavanaugh



CONDENSED REMARKS OF ALVIN J. ARNETT
BEFORE THE HOUSE EQUAL OPPORTUNITY SUBCOMMITTEE
February 5, 1974

The President is proposing a positive program to reform assistance to the disadvantaged. He is proposing overall increases in existing programs; interim administrative reforms; and, a long term comprehensive restructuring of the present welfare system.

This plan consists of redeploying most OEO programs to operational departments in the Executive Branch and transferring the Legal Services program to an independent corporation.

Funding for human resource programs has grown dramatically. Between 1969 and 1975, outlays for these OEO programs will have increased by 139%, while outlays for all other programs will have risen only 26%. There is no way that this can be construed as anything but an increase in the Federal Government's commitment to help the disadvantaged.

There are prominent misinterpretations of the Administration's request for no budget authority for OEO in fiscal year 1975. In fiscal year 1972, the total financing of CAAs from all sources amounted to approximately \$1.5 billion. Of that, OEO local initiative funds constituted \$286 million, or 19.6 percent. The rest came from other Federal agencies and from State, local and private sources.

So, rather than advocating total abandonment of community action programs, the Administration is suggesting that after ten years, the local

initiative share of community action funding be assumed by the state or local community if those officials consider the effectiveness of community action agencies to warrant continued support.

The Administration proposes an end to the entity "OEO". That presents us with a good opportunity to assess what OEO has been.

OEO was a Federal initiative designed to raise a significant number of Americans out of poverty. Today, ten years later, there is still a significant number of Americans who are poor.

It is our obligation, I think to recognize our failures. The numbers tell us of our failure. And that should be enough to move us in a new direction.

Why did we fail? I suggest we failed because of approach: we delivered services to poor people without doing much about making them nonpoor. We fed them, housed them, nursed them but did not economically lift them.

So here we are now wondering what to do. And here I inject my personal feeling, based on nearly seven years experience in the war on poverty, that the programs having been given over the operational agencies, it is time to reconstitute the anti-poverty effort with different approaches.

I suggest that we turn our attention to reform of the existing welfare system along the lines the President described in his State of the Union Message. The President said:

"Over the past thirty-five years, a multitude of federally funded programs has grown up whose primary purpose is income security for those

in need. Each of these efforts reflects a humane attempt to respond to a worthy goal. However, as cash, in-kind and service programs have rapidly expanded in the past few years, two things have become painfully clear:

-- First, the result is an extremely costly set of generally unrelated, uncoordinated programs with many unintended and undesirable consequences; and

-- Second, these efforts neither efficiently nor equitably accomplish the overall objective of assisting lower income families and individuals to achieve greater economic independence."

We can best serve the poor if the Congress and the Administration work together, not in continuing programs which make people better able to endure poverty, but in developing a system which provides poor people with the means and incentives to achieve self-sufficiency and dignity.

As a result, an extension of the Economic Opportunity Act is not necessary for us to meet our obligations to our disadvantaged fellow Americans.

CONDENSED REMARKS OF ALVIN J. ARNETT
BEFORE THE HOUSE EQUAL OPPORTUNITY SUBCOMMITTEE
February 5, 1974

The President is proposing a positive program to reform assistance to the disadvantaged. He is proposing overall increases in existing programs; interim administrative reforms; and, a long term comprehensive restructuring of the present welfare system.

This plan consists of redeploying most OEO programs to operational departments in the Executive Branch and transferring the Legal Services program to an independent corporation.

Funding for human resource programs has grown dramatically. Between 1969 and 1975, outlays for these OEO programs will have increased by 139%, while outlays for all other programs will have risen only 26%. There is no way that this can be construed as anything but an increase in the Federal Government's commitment to help the disadvantaged.

There are prominent misinterpretations of the Administration's request for no budget authority for OEO in fiscal year 1975. In fiscal year 1972, the total financing of CAAs from all sources amounted to approximately \$1.5 billion. Of that, OEO local initiative funds constituted \$286 million, or 19.6 percent. The rest came from other Federal agencies and from State, local and private sources.

So, rather than advocating total abandonment of community action programs, the Administration is suggesting that after ten years, the local

initiative share of community action funding be assumed by the state or local community if those officials consider the effectiveness of community action agencies to warrant continued support.

The Administration proposes an end to the entity "OEO". That presents us with a good opportunity to assess what OEO has been.

OEO was a Federal initiative designed to raise a significant number of Americans out of poverty. Today, ten years later, there is still a significant number of Americans who are poor.

It is our obligation, I think to recognize our failures. The numbers tell us of our failure. And that should be enough to move us in a new direction.

Why did we fail? I suggest we failed because of approach: we delivered services to poor people without doing much about making them nonpoor. We fed them, housed them, nursed them but did not economically lift them.

So here we are now wondering what to do. And here I inject my personal feeling, based on nearly seven years experience in the war on poverty, that the programs having been given over the operational agencies, it is time to reconstitute the anti-poverty effort with different approaches.

I suggest that we turn our attention to reform of the existing welfare system along the lines the President described in his State of the Union Message. The President said:

"Over the past thirty-five years, a multitude of federally funded programs has grown up whose primary purpose is income security for those

in need. Each of these efforts reflects a humane attempt to respond to a worthy goal. However, as cash, in-kind and service programs have rapidly expanded in the past few years, two things have become painfully clear:

-- First, the result is an extremely costly set of generally unrelated, uncoordinated programs with many unintended and undesirable consequences; and

-- Second, these efforts neither efficiently nor equitably accomplish the overall objective of assisting lower income families and individuals to achieve greater economic independence."

We can best serve the poor if the Congress and the Administration work together, not in continuing programs which make people better able to endure poverty, but in developing a system which provides poor people with the means and incentives to achieve self-sufficiency and dignity.

As a result, an extension of the Economic Opportunity Act is not necessary for us to meet our obligations to our disadvantaged fellow Americans.

THE WHITE HOUSE
WASHINGTON

March 28, 1974

MEMORANDUM FOR: BILL TIMMONS
THROUGH: MAX FRIEDERSDORF *M.B.*
FROM: VERN LOEN *VL*
SUBJECT: OEO Extension

Hawkins' Equal Opportunity Subcommittee is to report out Thursday a three-year extension of OEO Community Action Programs. Issue will be fought out in full Education and Labor Committee.

Quie is considering an attempt to make it a three-year phaseout with the Federal Government picking up ~~50%~~ 50% of administrative costs the first year, 25% the next and zero the next, state and local contributions making up the balance.

CAP Directors have raised some money and hired some high-powered lobbyists including former Congressman Bill Cramer. Members now are starting to hear from mayors and governors in support of extending CAPs.

May we assume that we are still hanging tough for OEO shutdown on June 30?

cc: Korologos
Cavanaugh

Dab

April 4, 1974

MEMORANDUM FOR: BILL TIMMONS
THROUGH: MAX FRIEDERSDORF
FROM: VERN LOEN
SUBJECT: Future of OEO

Paul O'Neill, Jim Cavanaugh, Fred Webber and I met today with Senators Javits and Taft and Congressman Quie and Bill Steiger. Javits threw out a proposal to eliminate OEO, repeal the Economic Opportunity Act, and establish a new ACTION agency for volunteer and community services built upon the existing ACTION agency.

Community action programs would be assigned to this agency under an Associate Director for Community Services. All existing ACTION authorities would remain as they are. The matching formula would be 80-20 for FY'75 (same as now), 2/3 to 1/3 thereafter with a maintenance of effort requirements.

The members all seemed set upon a three-year authorization to keep the program alive through the next Administration; however, Javits indicated the length of the extension and the formula for phase-down are negotiable items.

O'Neill and Cavanaugh gave no ground and cited the progress being made in state and local takeover of CAP programs. Javits' man, John Scales, estimated only 60% of existing CAPs would survive if they were cut loose from federal support on July 1 as planned. O'Neill did mention a preference for an increase in General Revenue Sharing to give state and local Governments the option to takeover those CAP programs which are successful.

Quie and Taft did not show much support for the proposal, but Javits and Bill Steiger made it plain they do not want the future of the community action move to be "wiped out at the caprice of some local elected officials." Later I learned that the proposal was drawn up by Scales and Quie's man, Marty LaVor. Members are being bombarded with calls and mail from state and local officials who obviously have been influenced by the high priced lobbying efforts being carried out by former Congressman Bill Cramer, et al, being financed by the CAP directors.

Afterwards, I suggested that O'Neill and Cavanaugh deal directly with Quie, because he does not like LaVor and his proposals and recently had a scandal of sorts involving one of his own CAP directors. Without Quie they could not get the support to override a veto.

VCL/jlm

CC to: K. Cole, P. O'Neill, J. Cavanaugh, F. Webber, T. Koroligos



April 23, 1974

MEMORANDUM FOR: BILL TIMMONS
THROUGH: MAX FRIEDERSDORF
FROM: VERN LOEN
SUBJECT: OEO to HEW

Perkins and Hawkins held a private meeting with Quie today before the Full Education and Labor Committee meeting, which failed to draw a quorum.

Apparently the Demos had concluded that a tactical error was made in abandoning their original straight three-year extension of OEO Community Action Programs; likewise with ADVO-CRAP. After some discussion of establishing a brand new independent agency to pick up the CAAs, they agreed to place them in HEW, probably in the Social and Rehabilitation Service.

Perkins and Hawkins also want to create a new Assistant Secretary for OEO equal to the Assistant Secretaries for health, education, and welfare. Quie did not buy that idea. A declining Federal matching grant of 80-20 for FY'75, 70-30 for FY'76, and 60-40 for FY'77 was agreed upon. Other areas of agreement involved incentive grants to encourage CAAs to go public and permitting the states to be agents for the Secretary.

Quie knows this package still would produce a veto, that we are holding firm for local takeover on July 1.

The whole business will be fought out in full Committee on Thursday morning. It is Quie's guess that the liberals will go off in all directions as usual and provide him the necessary excuses to oppose the legislation on the House Floor. If he has to go along with whatever they report, dragging his heels, there is still likely to be a big Floor fight over extending OEO as is. That could produce enough votes to sustain a veto.

VCL/jlm

CC to: Korologos
Ainsworth
O'Neill
Cavanaugh



April 30, 1974

MEMORANDUM FOR: BILL TIMMONS
THROUGH: MAX FRIEDERSDORF
FROM: VERN LOEN
SUBJECT: OEO Extension

House Education and Labor Committee today voted 27 to 8 to place Community Action and other minor element programs of OEO in HEW. The Committee first rejected, 30 to 6, a Meeds Amendment for a straight-three year extension in OEO.

A letter from Secretary Weinberger to Congressman Badillo expressing opposition to the transfer was placed in the record but not read. Arguing in support of his Amendments, Meeds said the HEW proposal is so watered-down that Congress will be unable to override a veto, but at least, he would place the blame on the President. Brademas agreed.

Hawkins countered with the argument that the HEW proposal is a bi-partisan bill and that would be asking the poor to suffer in order to identify the President as the culprit if Meeds' was adopted.

Quie tried unsuccessfully to water-down the measure still further with three amendments. Then used the failure of his amendments as an excuse to vote against the reporting of the HEW transfer.

Kemp served notice that he will offer a floor amendment to fund Community Action Agencies through revenue sharing.

VCL/jlm

CC to: J. Cavanaugh, Paul O'Neill, T. Korologos,
P. O'Donnell, G. Ainsworth



April 10, 1974

MEMORANDUM FOR: BILL TIMMONS
THROUGH: MAX FRIEDERSDORF
FROM: VERN LOEN
SUBJECT: ADVOCAP (OEO transfer)

Full House Education and Labor Committee cancelled its hearing today on the grounds that the Committee print had not yet been printed. Quie assembled the Minority Members (minus Bill Steiger and Esch) and mapped strategy for handling this bill in Committee after the recess and in hopefully defeating it on the House Floor. There has been considerable adverse reaction to the above name change for ACTION. It is being referred to scornfully as ADVO-CRAP.

Strategy is to ridicule it to death while showing what it will do to disrupt ACTION and such popular programs as the Peace Corps which have their own constituencies among members. In Full Committee, Minority Members will strive to retain the above name and make some waves in vain to phase-out the program at a lower level of authorization than the 80-20, 75-25, and 70-30 federal-local matching in the Subcommittee version. Quie had supported 50-50, 25-75, and 10-90 for the three-year extension. Another key element in Quie's strategy is that he can persuade the Administration to go along with some kind of an extension for community action if it is placed in HEW and moves toward a federal phase-out.

He feels he, with the help of Mrs. Green, can certainly get enough votes on the House Floor to easily sustain a veto if not to defeat the ADVO-CRAP proposal outright. Another key bone of contention is the Mink Amendment which would abolish Regional OEO Offices and centralize the power and authority in Washington, D. C. The Republicans want to delegate regional office authority to State Economic Opportunity Offices (SEOOs).

Balzano is preparing talking papers on what this proposal would do to ACTION. OEO is sending over a talking paper synopsisizing Arnett's opening day testimony against any extension of OEO. So far the Committee has not invited Balzano to testify.

VCL/jlm

BCC to: Jim Cavanaugh
Paul O'Neill
T. Korologos
[Gene Ainsworth



THE WHITE HOUSE

WASHINGTON

December 13, 1974

MEMORANDUM FOR: WILLIAM E. TIMMONS
THRU: MAX L. FRIEDERSDORF
FROM: VERN LOEN *VL*
SUBJECT: Future of OEO

M.B.

M. C. Al Quie joins us in viewing the Senate version as atrocious. Assuming it passes and goes to conference, he will insist on the House version:

1. Transfer community action agencies to HEW;
2. Declining federal matching (80-20 in FY 75, 70-30 in FY 76 and 60-40 in FY 77);
3. Spin off economic development to Commerce Department.

If he succeeds, he will try to persuade the President to sign it. If he fails he will oppose the conference report and urge it be vetoed.

He is not really hot for CAAs, but fearful of what next Congress will do if we don't pass a reasonable 3-year bill.

cc: Counsellor Marsh, J. Cavanaugh, P. O'Neill, T. Korologos
P. O'Donnell, G. Ainsworth

